

ORIGINAL

BELLSOUTH

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Executive Director
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December 10, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
445 12th Street, SW, Room TW A325
Washington, DC 20554


Re: CC Dkts. 96-150, 98-81, and 99-253

Dear Ms. Salas,

On December 9, a group of representatives from mid-sized and large local exchange carriers and public accounting firms met with members of the Accounting Safeguard Division to discuss issues associated with the Cost Allocation Manual audit and specifically the transition to an attestation engagement for mid-sized companies.

A list of all attendees and materials distributed during the meeting are attached. This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,



Mary L. Henze
Executive Director

cc: T. Peterson
J. Rodriguez
H. Boyle
J. Watts

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CAM Audit List

NAME	COMPANY/DIVISION
Local Exchange Carriers	
Sandy Anderson	Bell Atlantic
Gerald Asch	Bell Atlantic
Donna Calvin	Sprint
David Cameron	Alltel
Jim Deignan	SBC-Ameritech
Pat Doherty	SBC-Ameritech
Marcella Ferrena	Bell Atlantic
Liz Geddes	SBC
Mary Henze	BellSouth
Bill Johnston	US West
Thomas Paolucci II	Cincinnati Bell
Lyn Rogers-Haney	BellSouth
Carol Hill	Alltel
Rich Schnase	GTE
Lisa K. Stublefield	Citizens
Raymond Quianzon	Fletcher Heald/Roseville
David Zesiger	ITTA
Public Accounting Firms	
Terry Bowling	PriceWaterhouse Coopers
Steve Daukaus	PriceWaterhouse Coopers
Jason Foley	PriceWaterhouse Coopers
Carl Geppert	Arthur Andersen
Chris Gillespie	KPMG
Phil Jacobsen	KPMG
Martin Kehoe	PriceWaterhouse Coopers
Sharon Luchshire	PriceWaterhouse Coopers
T. J. Mangold	PriceWaterhouse Coopers
John Putnam	Ernst & Young
Debbi Webber	Ernst & Young
Federal Communications Commission	
Hugh Boyle	Audits Branch
Alexander Chan	Audits Branch
Mark Gerner	Audits Branch
John Hays	Audits Branch
Gary Oddi	Audits Branch
Tim Peterson	Accounting Safeguards Division
Jose-Luis Rodriguez	Accounting Safeguards Division
Andrew Skadin	Audits Branch
Mark Stephens	Audits Branch
Mark Stone	Audits Branch
Jeffrey Stover	Audits Branch
Joe Watts	Audits Branch

DRAFT

Independent Accountant's Report

[Date]

To Chief Financial Officer
[Company]

We have examined management's assertion, included in the accompanying Statement of Cost Allocation System Compliance, that [Company] complied with its Cost Allocation Manual (Manual), the Federal Communications Commission's (FCC) Joint Cost Orders issued in conjunction with CC Docket No. 86-111, the FCC's Accounting Safeguards proceedings in CC Docket Nos. 96-150 and 99-253, and the FCC's published rules and regulations thereto (47 CFR Sections 32.23, 32.27, 64.901, and 64.903) in preparing the attached Automated Reporting Management Information System (ARMIS) Form 43-03, ARMIS Joint Cost Reports, for each of the years in the two-year period ended December 31, XXXX. Management is responsible for [Company]'s compliance with those requirements. Our responsibility is to express an opinion on [Company]'s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about [Company's] compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on [Company]'s compliance with specified requirements.

In our opinion, [Company] complied, in all material respects, with the aforementioned requirements during the two-year period ended December 31, XXXX.

This report is intended solely for the information and use of (list of specified parties) and is not intended to be and should not be used by anyone other than these specified parties.

DRAFT

Name of Telephone Company
Statement of Cost Allocation System Compliance
For the Two-Year Period Ended December 31, XXXX

Our Cost Allocation Manual as amended through December 31, XXXX (the "Manual") has been filed with the Federal Communications Commission (the "FCC"). The Manual provides criteria against which the Company's Cost Allocation System can be evaluated. The Cost Allocation System is supported by cost allocation methods which are consistent with the Manual and utilized methods which permit preparation of the attached Automated Reporting Management Information System (ARMIS) Form 43-03, ARMIS Joint Cost Reports, for each of the years in the two-year period ended December 31, XXXX, in accordance with the Manual. The actual cost allocation methods and procedures implemented and performed conform with the objectives, approach and procedures described in the Manual, the FCC's Joint Cost Orders issued in conjunction with CC Docket No. 86-111, the FCC's Accounting Safeguards proceedings in CC Docket Nos. 96-150 and 99-253 and the FCC's published rules and regulations thereto (47 CFR Sections 32.23, 32.27, 64.901 and 64.903) in force during the two-year period ended December 31, XXXX.

We believe that, for the two-year period ended December 31, XXXX, the Cost Allocation System, as implemented, conforms with the criteria set forth in the Manual, the FCC's Joint Cost Orders issued in conjunction with CC Docket No. 86-111, the FCC's Accounting Safeguards proceedings in CC Docket Nos. 96-150 and 99-253 and the FCC's published rules and regulations thereto (47 CFR Sections 32.23, 32.27, 64.901 and 64.903) in force during the two-year period ended December 31, XXXX, and the reports referred to above have been prepared in accordance with these criteria.

signed by an Officer of the Telephone Company